

Interview with Sabine Maaßen: "Strategic roadmap offers guidance during the biggest transformation in our history"

- Reorganization of the company around e-mobility and digitalization
- Audi relying on its own team and long-term HR planning to achieve transformation
- Employee training and development budget of half a billion euros by 2025
- More agile structures, clear communication, trust, and freedom

Ingolstadt, August 31, 2021 – How is Audi organizing the transformation for its employees? With clear objectives, new structures, and open communication, supported by the common Audi spirit. In this interview, Sabine Maaßen, Member of the Board of Management for Human Resources, and Stefan Kühl, organizational sociologist, provide further details.

Audi is currently undergoing what is probably the biggest transformation in the company's history. What are the opportunities and challenges in transforming a company as large, rich in tradition, and highly specialized as Audi?

Sabine Maaßen: Yes, we are indeed in the midst of the largest transformation in our history. After all, it's not just about new products, but completely restructuring the entire organization. Our entire environment is changing - the framework of laws and regulations in which we operate, our technologies, our processes, our customers, and their needs. And above all else, this affects the people that work for us. After all, transformation requires new skills and new ways of looking at things. It calls time-tested structures into question. It renders certain functions that were keys to success for a long time obsolete in this form. That's why we need to give our employees a sense of security as they embark on their personal journey into the working world of the future. We are doing this by charting a clear direction, formulating clear goals, and systematically aligning our formal structures with the future. Our technological roadmap is clearly centered on e-mobility and digitalization. This gives our company's employees a great deal of guidance. In this context, it's extremely important to me that this always happens together. After all, our employees are Audi, they are the most important part of this process. And beyond that, we have to remember one thing: shaping the mobility of tomorrow to secure a sustainable and livable future is one of the most exciting tasks of our time. To achieve this, we need to have an attitude that springs from courage, open-mindedness, and determination. And I sense that our workforce is ready for it.

How can you create this attitude? How do you inspire courage, open-mindedness, and determination among the workforce?

Sabine Maaßen: By transforming from the inside out. Our people here at Audi are responsible for tomorrow's success. We are going to proceed through this transformation together. This message is important for all employees. After all, transformation isn't a one-time event, but a permanent state. That's why we have to create structures in which our employees can experience



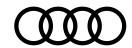
transformation again and again, constantly. Structures that, on the one hand, provide guidance and security – and, on the other hand, create the freedom for individual development. In a world that is continuously changing at a rapid pace, we give every individual at Audi the opportunity to continually contribute and develop their talents, skills, and experience. That's our mission.

Mr. Kühl, you are one of the leading organizational sociologists in Germany. In your opinion, what are the most important conditions that must be met in order to transform a company? And what role do the organizational structure and culture play in this?

Stefan Kühl: It is precisely a change in formal organizational structures that plays a decisive role. Transformation projects often fail because the organization only looks at the cultural side of things. Companies often see this as a convenient shortcut to organizational change, akin to change management in the cultural fast lane. They hope that the new values will have a direct impact on employee conduct without having to draw up a precise set of rules. In reality, however, we see that change processes remain ineffective if they leave formal organizational structures and work processes untouched. Because that's where the real leverage lies, in the way reporting channels look within the organization, for example. Whether a company operates with more of a matrix or a functional organizational structure, how reward systems or certain control processes are set up.

Ms. Maaßen, how are you implementing the transformation at Audi and in what way are you changing the formal organizational structures in Human Resources for this purpose? And what do you hope to achieve as a result?

Sabine Maaßen: The Audi. Future labor-management agreement we entered into with the employee representatives provides a reliable framework. First and foremost, it includes an employment guarantee until 2029. This long-term horizon creates a sense of security, and I'm personally convinced that this kind of framework is needed. After all, change can also spell uncertainty for the individual. Audi. Future is not merely about safeguarding jobs, however. Audi. Future also provides a binding framework for training and upskilling our workforce. This includes the policy of first looking internally to see who we can train for new tasks before we look for specific skills externally. To this end, we've earmarked a training and development budget of half a billion euros between now and 2025. At the same time, we've created entirely new structures in HR and closely aligned our implementation of HR's transformation with our corporate strategy. In this context, we've also intensified collaboration with the specialist departments. For this purpose, we've developed a "target vision" with each business unit that specifies exactly what we want to achieve through our transformation. They show the areas in which we are investing, where we are expanding the workforce and expertise accordingly, where tasks are being eliminated, and where new jobs are being created. This means we're taking a joint approach in this case as well, not just between HR and the individual business units, but also in close collaboration with the employee representatives. This is the culture at Audi, and it is of tremendous help to us as we collaborate in new structures - and successfully shape the three essential factors of transformation: downsizing, reorganizing, rebuilding.



Mr. Kühl, even when a transformation is pursued together, it almost inevitably creates conflict and uncertainty. How do you recommend dealing with this?

Stefan Kühl: A process that everyone is thrilled about is not a genuine change process. Resistance, doubts, and questions are always part of the package. Safeguarding jobs the way Audi is doing gives people the ability to distance themselves from personal worries and fears and look at the process of change in a completely different way. Does the change fit the way I want to work, for example, and make sense for the organization? Nevertheless, opposition and questions are vital sources of information for further refining and optimizing the change process. Resistance, doubts, and questions are therefore not obstacles, but rather material to work with during the change process.

Ms. Maaßen, how can you get each and every employee on board? How are you dealing with conflicts and uncertainties?

Sabine Maaßen: On the one hand, it needs to be possible to talk about conflicts, i.e., to express and address them. It's important to find a way to work through them without creating winners and losers. And that's what we want to do at Audi in line with our values. Managers play a central role in this process. After all, this transformation also requires them to lead their people through the process of change.

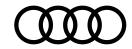
We are using customized programs to inspire a willingness to change; next month, for example, a new landing page for employees and managers will go live. On it, we've created a map of the transformation process that resembles a subway network. Employees can use it to clearly see where they currently stand, what goals they can achieve, and who can support them in their personal transformation. Much in the same way that we offer a very special customer experience here at Audi, we are creating a positive transformation experience for our employees.

Mr. Kühl, how can you measure or define whether a transformation is successful?

Stefan Kühl: The critical point is the extent to which HR measures are coupled with other change measures throughout the organization. How, for example, do reorganizations in a business unit, such as the transition from a matrix to a functional organizational structure or vice versa, mesh with corresponding activities in HR? The interesting thing about Audi is that you can see how this connection is taking place right now. This is because it's absolutely crucial when it comes to launching a lasting change process at a company and ensuring that it is a success.

Ms. Maaßen, one final question for you: How much progress do you think Audi has made with its transformation so far?

Sabine Maaßen: We are on the right track and have already made great strides. We have defined clear goals. We have strong common ground from which to achieve them. And we've positioned ourselves structurally so that we can get all of our employees on board as move into the digital and electrified world. We are now in a stage where the focus is on reorganizing. This will be our focus over the next few years. And I am absolutely certain that our reorganization will be a success. On the one hand, Audi.Future gives us the necessary framework for this. On the other hand, we have a clear competitive advantage as a group – with different brands, a strong global



workforce that constantly spurs us on, and a spirit all of our own. Our people truly embrace their brand, with a pioneering spirit and a down-to-earth attitude. And that is why I'm sure that we'll continue to be very successful in the future.

Human Resources and Organization Communications

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The Audi Group, with its brands Audi, Ducati and Lamborghini, is one of the most successful manufacturers of automobiles and motorcycles in the premium segment. It is present in more than 100 markets worldwide and produces at 19 locations in 12 countries. 100 percent subsidiaries of AUDI AG include Audi Sport GmbH (Neckarsulm, Germany), Automobili Lamborghini S.p.A. (Sant'Agata Bolognese, Italy), and Ducati Motor Holding S.p.A. (Bologna/Italy).

In 2020, the Audi Group delivered to customers about 1.693 million automobiles of the Audi brand, 7,430 sports cars of the Lamborghini brand and 48,042 motorcycles of the Ducati brand. In the 2020 fiscal year, AUDI AG achieved total revenue of €50.0 billion and an operating profit before special items of €2.7 billion. At present, 87,000 people work for the company all over the world, 60,000 of them in Germany. With new models, innovative mobility offerings and other attractive services, Audi is becoming a provider of sustainable, individual premium mobility.